

LAND BOARD AGENDA ITEM

February 22nd, 2011

**SET MINIMUM BID FOR LAND BANKING PARCELS # 583, 584,
587, 588, 590, 591, 592 & 594
LIBERTY COUNTY**

Seller: State of Montana, Department of Natural Resources and Conservation

Nominators:

Parcel 583 – Lessee, Buffington Corp.

Parcel 584 – Lessee, Diane English Castona

Parcel 587 – Lessee, William Fraser Farms

Parcel 588 – Lessee, Chris Kolstad

Parcel 590 – Lessee, Carl Mattson

Parcels 591 & 592 – Lessee, R&R Bronec Grain & Cattle

Parcel 594 – Lessee, Vern (Russ) Pimley

Location:

Parcels 583, 588, 591 & 592 – are located 24 to 30 miles southwest of Chester.

Parcel 587 – is located 12 miles southwest of Chester

Parcel 590 – is located 12 miles north of Chester

Parcel 584– is located 35 miles north of Chester.

Parcel 594 – is located 30 miles north of Chester

Property Characteristics: Parcels 583, 591, & 592 – Are small parcels of native rangeland that are below the state wide average productivity for grazing lands.

Parcel 587 - The parcel is approximately equal to the state wide average productivity for grazing land but its small size makes it difficult for DNRC to manage or even distinguish from the adjacent private ownership. The annual income

to the trust from this parcel is below the statewide average per acre has been approximately \$55.00.

Parcel 588 – Is a long narrow parcel of native rangeland that is bisected by Pondera Coulee, and is below the state wide average productivity for grazing lands.

Parcels 584 & 594 – Are small parcels of native rangeland that are slightly above the state wide average productivity for grazing lands.

Parcel 590 - small parcel of native rangeland that is slightly above the state wide average productivity for grazing lands. Much of the surrounding lands have been farmed for small grain production and since the land and soils are suitable for agriculture it is reasonable to assume the 40 acre state parcel would eventually be farmed. The parcel should be considered for sale only if the minimum value acceptable for sale reflects the agricultural potential.

Access:

Parcels 583, 584, 590, 591 & 592 – these parcels are surrounded by private lands, and therefore do not have legal public access. Most are fenced in with the adjacent private lands, and it is difficult to distinguish the state land from the private lands.

Parcel 588 – this parcel is bordered by trust land on its northern border, however the trust land to the north is currently being farmed and was not nominated for sale. The adjoining trust lands are surrounded by private lands, and therefore this parcel does not have legal public access. The parcel also has an ephemeral drainage. The parcel is fenced in with the adjacent private lands, and it is difficult to distinguish the state land from the private lands.

Parcel 594 – Is adjacent to a county road and consequently is legally accessible for recreational purposes. The parcel however has very little recreational value due to it's small size, lack of unique habitat features and indistinguishable boundaries with adjacent private lands.

Parcel 587 - The parcel is legally accessible from adjacent lands owned by the U. S. Bureau of Reclamation but requires travel by boat across Tiber reservoir and walking over steep and rough terrain for long distances. The state

ownership is difficult to distinguish from adjacent lands and does not have any unique habitat or recreational value. Consequently use of the state land by recreationists is extremely low or nonexistent.

Economic Analysis:

Short term – The rate of return on the sale parcel is 0.64 % for Common Schools. They would continue to receive this return if the parcel is not sold.

Long term – The sale of these parcels would result in acquisition of lands that generate a higher rate of return. To date the average annual rate of return on acquisitions has been 1.91%, on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The parcels nominated for sale were inventoried to Class III standards for cultural and paleontological resources in 2010. No *Antiquities*, as defined under the Montana State Historic Preservation Act, were identified on any of the aforementioned tracts. The underlying geology of most of the listed tracts is Two Medicine Formation sedimentary rock. Kevin Member Formation and Eagle Formation appear on a few of the parcels as well. Judith River Formation deposits are present beneath the surface of the following tracts: T34N R6E Section 23 (SWNW); T36N R7E Section 2 (NESE); and T37N R5E Section 19 (NWSE). However, good exposures of this geologic body were not identified on any of these parcels.

Agency Recommendation:

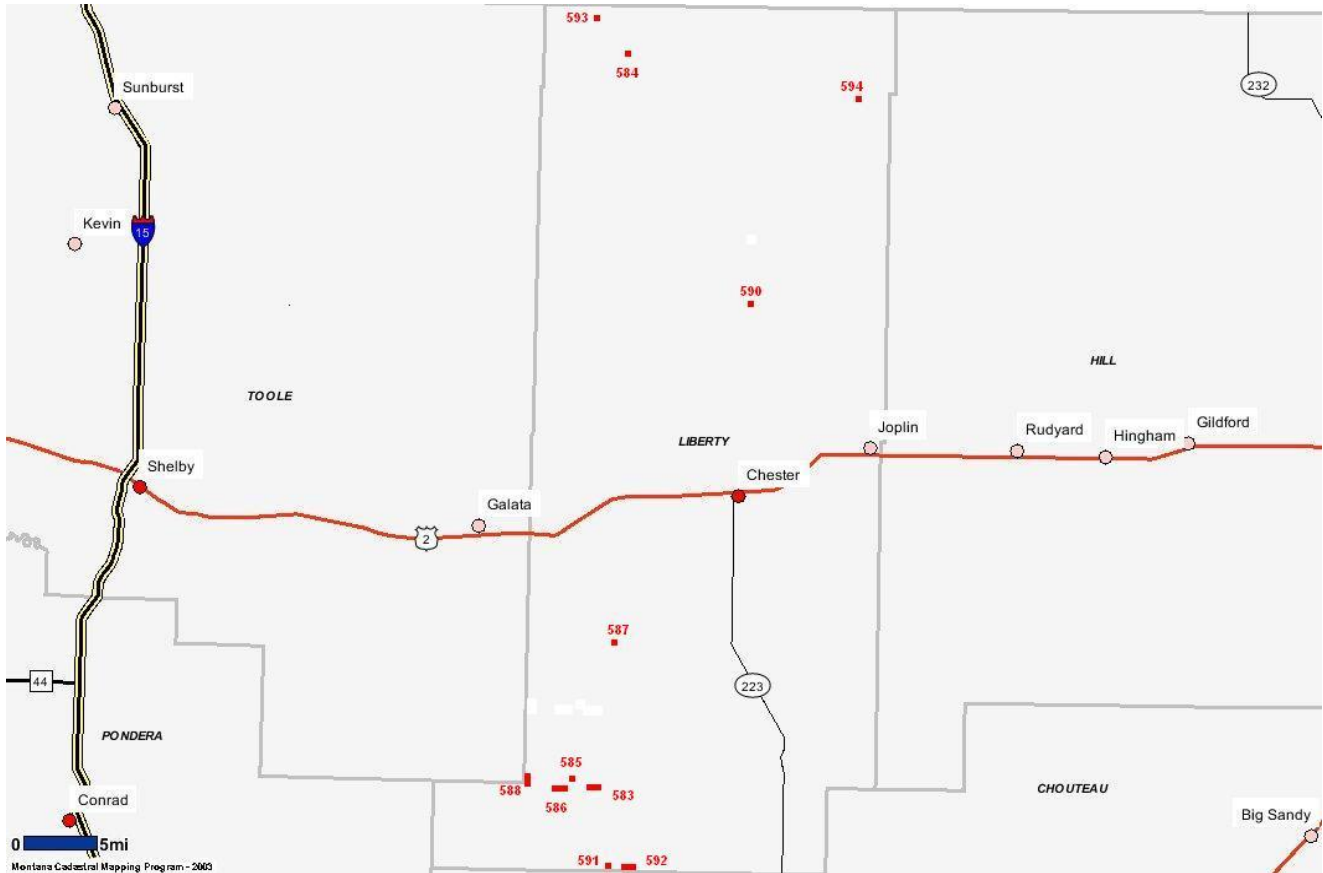
Based on appraised value, the Director recommends the minimum bid amount as follows:

Sale #	# of Acres	Appraised Value With Access	Appraised Value Per Acre With Access	Appraised Value Without Access	Recommended Minimum Bid	Trust
583	80	\$12,000	\$150	N/A	\$12,000	Common Schools
584	40	\$12,000	\$300	N/A	\$12,000	Common Schools
587	38.61	\$5,800	\$150	N/A	\$5,800	Common Schools

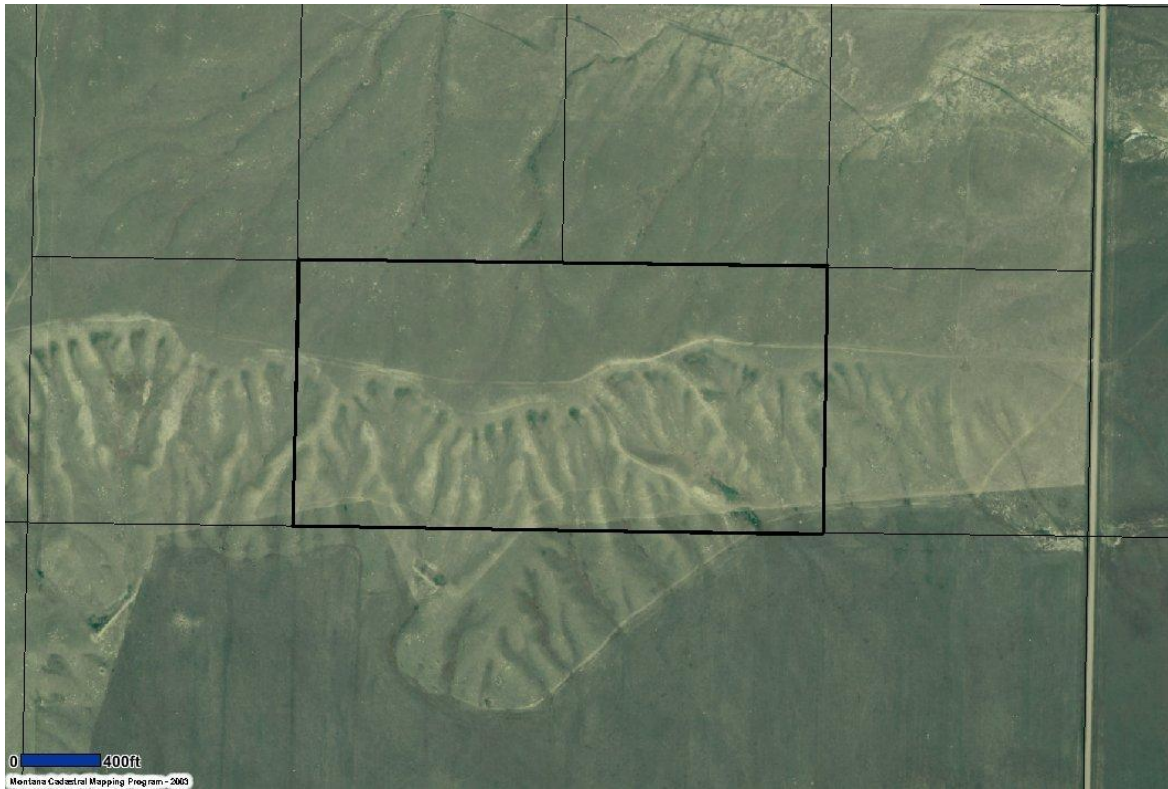
588	59.4	\$17,820	\$300	N/A	\$17,820	Common Schools
590	40	\$12,000	\$300	N/A	\$12,000	Common Schools
591	48	\$7,200	\$150	N/A	\$7,200	Common Schools
592	160	\$24,000	\$150	N/A	\$24,000	Common Schools
594	40	\$12,000	\$300	N/A	\$12,000	Common Schools

Total \$102,820

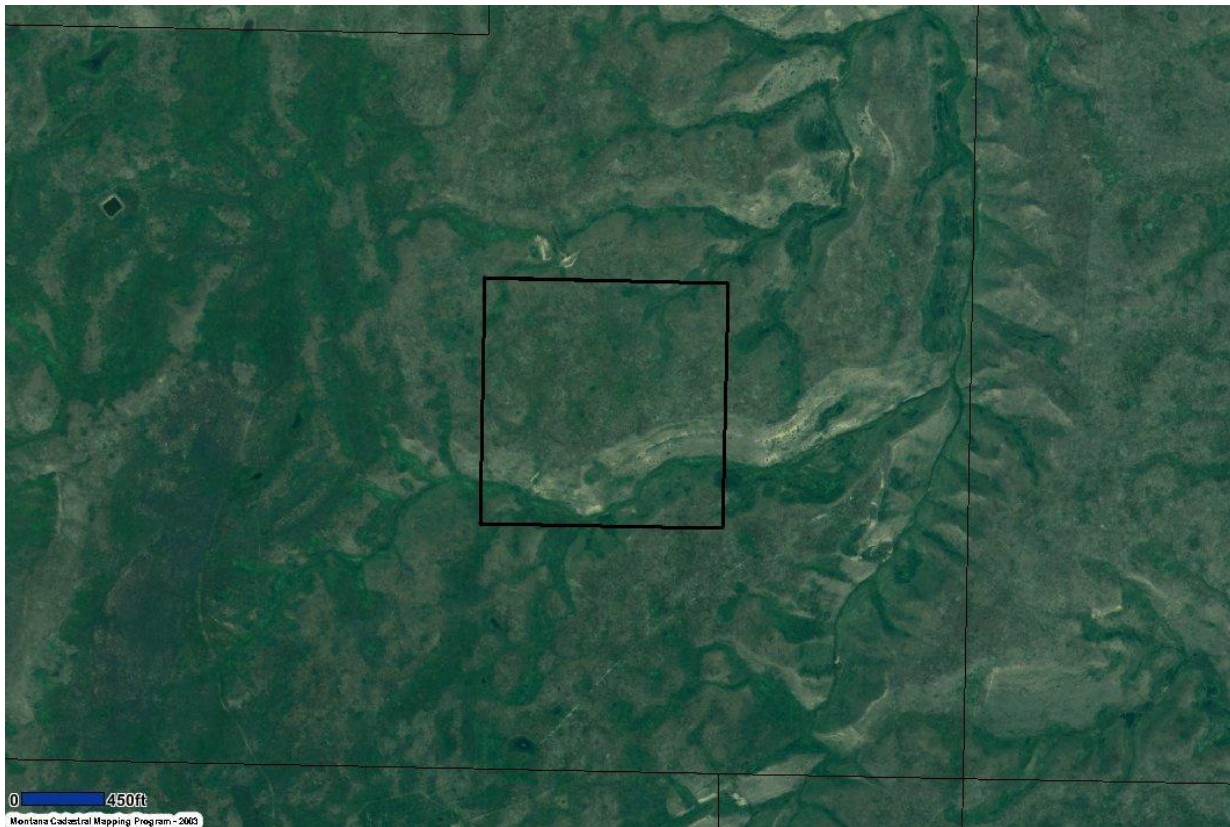
Liberty County Sale Location Map



Sale #583



Sale #584



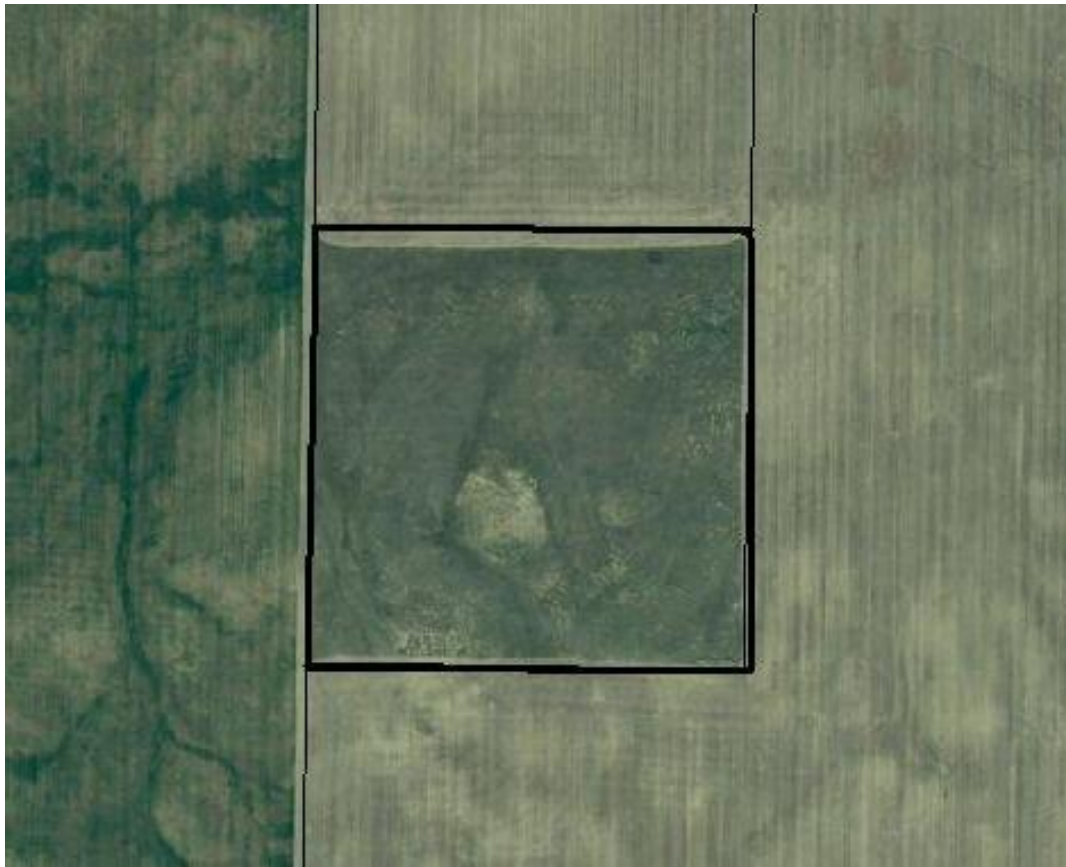
Sale #587



Sale #588



Sale #590



Sale #591



Sale #592



Sale #594

